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Ocwen Puts Vendor Management on New 'Net Site

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Author(s): TED CORNWELL

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Abstract (Document Summary)

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Bill Krueger, vice president of Ocwen Realty Advisors, said Ocwen has created a scoring system to evaluate the performance of vendors and ensure that lenders receive valuations from the best providers serving a given market.

Ocwen believes that by combining automated valuation models, broker price opinions, field inspections and appraisals, lenders can focus more underwriter attention on the riskiest segment of a portfolio.

Full Text (501 words)

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Ocwen Realty Advisors now is offering vendor management services in addition to other collateral risk management products such as appraisals, broker price opinions, and automated valuation modeling through its recently launched website, www.ocwenrealtyadvisors.com.

David Babbitt, director of business development, said that the performance of vendors dealing with assets in the field, such as real-estate owned, is paramount to maximizing returns for lenders.

"Our new website and Internet-based approach to vendor management enable ORA to enhance service levels to our clients by providing our vendors an efficient means by which to administer their day to day business," Mr. Babbitt said.

Vendors can accept, track and complete orders from lenders and other customers through a link with Ocwen Technology Xchange's REALTrans application.

Bill Krueger, vice president of Ocwen Realty Advisors, said Ocwen has created a scoring system to evaluate the performance of vendors and ensure that lenders receive valuations from the best providers serving a given market.

Ocwen has created a scoring system that grades vendors based on the quality of their work and the service they provide.

Wholesale lenders are among the biggest users of valuation services. In addition, lenders buying large portfolios of loans may

use valuations as part of the due diligence done on the portfolio.

Michael Short, vice president of business development at Ocwen Financial Corp., said outsourcing vendor management and valuation services can enhance cost control by pinpointing quality control work better.

Ocwen believes that by combining automated valuation models, broker price opinions, field inspections and appraisals, lenders can focus more underwriter attention on the riskiest segment of a portfolio.

Essentially, an AVM can assess an entire portfolio, verifying the property values assigned by the loan originator and uncovering "exceptions" that require further analysis by way of BPO, inspection or appraisal.

Blending those different valuation options together reduces the cost of due diligence at the end of the day.

This is an important issue facing wholesale lenders and loan purchasers today, Mr. Krueger said, because loan origination fraud can sometimes leave a lender holding the bag with bad loans that are backed by collateral that is not worth what it is supposed to be worth.

"They are really concerned about the severity associated with fraud," Mr. Krueger said.

The ORA business unit emerged from Ocwen Federal Bank.

Over the course of five years, the division provided valuations on more than \$20 billion of residential and commercial real estate for the bank.

Seeking to increase fee business, Ocwen decided to offer its valuation and vendor management expertise in the marketplace.

Mr. Short said that lenders have been looking at their core competencies and increasingly are choosing to outsource things that can be done better by a third party specialist.

That's where Ocwen comes in.

Ocwen can offer its valuation and vendor management services on an a la carte basis or it can manage the whole process for a lender, he said.

The ORA valuation and vendor management products essentially blend traditional services with high technology to enhance efficiency.

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